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Advertising Age

Crain's International Newspaper of Marketing.

Last Minute News

IBM taps Lintas to buy media

ARMONK, N.Y.—IBM gave its media assignments for both TV and print to Lintas:New York (AA, Sept. 12), sources said. Most of IBM's buying had been handled at Lord, Geller, Federico, Einstein, New York. IBM spent $97.5 million on measured media last year, according to Leading National Advertisers. The company moved its advertising account to Lintas and Wells, Rich, Greene, New York, from Lord Geller in September.

Daihatsu to try another agency

LOS ALAMITOS, CALIF.—Daihatsu America this week will pick its third agency in less than two years, one week after splitting with Admarketing, Los Angeles. Admarketing had the $8 million account for only six months. Kresser-Craig/D.I.K., Los Angeles, is among the agencies that kept in contact with Daihatsu after the initial review two years ago.

Jordan flies high for Wheaties

MINNEAPOLIS—General Mills today will announce that Chicago Bulls basketball star Michael Jordan

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• MPA awaits more buyouts—P. 3
• Why Dukakis is fading—P. 20

Gillette: $80M to rebuild image

Ends 2-year stall from takeover wars

By ALISON FAHEY and PAT SLOAN

Gillette Co., in a massive effort to rebuild its image following a series of takeover attempts, will increase advertising for shaving systems by 45%, emphasize global and regional marketing, and launch new products in 1989.

Gillette will ring in the new year with its first global effort, built around an $80 million multimedia campaign for its Atra Plus blade-and-razor system. TV will break Dec. 31 in the U.S.

Several executions of the new "Best a man can get" pan-Atlantic campaign will run throughout 1989 in the U.S., Canada and Europe, where Atra Plus is called Contour Plus.

Atra Plus will be Gillette's only advertised shaving system next year.

Gillette, trying to recapture momentum lost during more than two years of battling hostile takeover attempts by Revlon Group, Coniston Partners and others, will boost its pan-Atlantic ad budget for all shaving systems to more than $100 million by 1990, said John Symons, president of the Gillette North Atlantic Blade & Razor Group.

During the past few years, the $3.2 billion company diverted its financial and human resources from product marketing while fending off takeover attempts. In 1986, Gillette bought back shares acquired by Revlon Chairman Ronald Perelman, and last August, it agreed to pay $720 million to buy back shares from Coniston.

Although Gillette still may be a takeover candidate, financial analysts agreed the attempts have subsided enough to allow the company to start rebuilding its image.

The company plans to shift dollars away from disposables in its new plan for shaving systems. "Disposable [shavers] threaten traditional Gillette business," Mr. Symons said, noting that those disposable-shaver users are more

(Continued on Page 62)

ANA tries to shake things up

By JUDANN DAGNOLI and PATRICIA WINTERS

NEW YORK—Advertisers are mad as hell, and they're not going to take it anymore.

That was the posture at the 79th annual meeting of the Association of National Advertisers last week. Facing not just corporate takeovers and consolidations, but stagnant markets, price competition and the rising power of retailers, advertisers said it's time to fight back.

ANA members worry about the impact of takeovers—P. 60
New chairman speaks his mind on P. 62, with photos on P. 46

Top executives called on the estimated 300 attendees—down from 500 last year—to return to image advertising, take a new look at globalization, increase support in the battle against undue government interference in advertising and, most of all, reduce price promotion, couponing and other short-term marketing methods.

Whether marketers will go back to their companies and heed the call is in doubt.

An informal survey of members by ADVERTISING AGE found that five out of 16 marketers predict flat budgets for 1989 or minor budget increases that may just keep pace with inflation. The majority predict ad spending increases, but some boosts might not exceed inflation by much.

Campbell Soup Co., Gillette Co., Adolph Coors Co., Nestle Foods Corp., Kraft, Carnation Co., Ashland Oil, Brown-Forman Corp.'s Korbel division, Owens-Corning Fiberglas Corp., Archway Cookies and Kayser-Roth Hosiery all predicted ad spending increases ahead of 1988.

Coming in flat were General Foods Corp., Thomas J. Lipton Inc., Stroh Brewery Co. (for outdoor and radio spot buying), AT&T Co. and GTE Corp.

"The reality is everyone is wrestling with budgets," said Kim Armstrong, AT&T director of advertising and promotions, noting that AT&T will try to "hold the line" on ad spending next year.

"Every company I know of is looking at every expense line on the budget without abandoning position in the marketplace," Ms. Armstrong said. "Advertising isn't alone. It's part of what's going on."

Food products apparently won't get the hefty budget hikes next year that they've received in the past, several executives said.

"The food business is flat, particularly in dry grocery and frozen," said Herb Baum, president of Campbell USA, and that's forcing companies to build volume through promotion "rather than taking the time to do long-term brand building."

Campbell's ad budget will increase 5% to meet inflation, but its promotional budget, including co-op ads, will rise 20%, Mr. Baum said.

Staff photo by Doug Goodman

Future co-workers? David Hurwitt (l.), VP-marketing and communications services at Philip Morris Cos.' General Foods unit, and Stephen Rutledge, Kraft VP-advertising, were among those at the ANA's annual meeting.

Last year, Campbell trimmed 115 new products, including line extensions, and this year will eliminate another 100.

In new products, the company has been testing Souper Combos, a frozen soup and sandwich line, for almost a year.

"Two years ago, we would have rolled it out nationally," Mr. Baum said, "but now we're taking a very slow, disciplined approach."

Slow growth in the food industry, said Edmund Ladendorff Jr., VP-marketing support at Lipton,

(Continued on Page 60)

WRG exits Pan Am review

By JENNIFER LAWRENCE and JON LAFAYETTE

Pan American World Airways will add one or more agencies to its $65 million account review because incumbent Wells, Rich, Greene dropped out of the running late last week.

The nation's eighth-largest carrier said it would contact other agencies this week.

The New York shop resigned the account less than a week after learning the financially troubled carrier would conduct a review. The resignation takes effect Jan. 25.

Pan Am plans to separate shuttle advertising from its main domestic and international business.

The battle for the main $55 million account so far includes Della Femina, McNamee WCRS; Ogilvy & Mather; and J. Walter Thompson USA, all New York.

The Bloom Agency and Lord, Geller, Federico, Einstein will vie for the $10 million shuttle account. Scali, McCabe, Sloves was asked to pitch the business but declined.

Agency presentations are scheduled for early December; a decision is expected by mid-to-late December.

The review, prompted by Thomas Plaskett, who was named chairman-ceo of Pan Am in January, hit Wells, Rich, Greene at a bad time. The agency can't afford the extra strain of a review as it gears up to handle the IBM Corp. account it won in September.

"We see no benefit to either Pan Am or Wells, Rich, Greene in the review," said Kenneth Olshan, Wells, Rich, Greene/Worldwide chairman. ". . . Ironically, Pan Am's decision comes at a time when they are announcing record revenue due to strong passenger traffic."

The agency that wins the main account will face the challenge of repositioning Pan Am as both a quality and viable airline.

Despite some market share gains since 1986, Pan Am has been fraught with financial and image problems.

Mr. Plaskett last week told financial analysts that when he arrived at Pan Am, the company didn't have a marketing plan.

"As a result," he said, "its entire marketing and selling effort was fragmented and unfocused—literally out of control."

Mr. Plaskett is regarded as a marketing whiz. While the top marketing executive at American Airlines, he developed the country's first frequent flier program and instituted Maxsavers deep discount fares.

He moved to Continental Airlines, serving as president for a brief eight months before he was fired.

Pan Am, a unit of Pan Am Corp., is looking for ideas on how to deliver a message of an improved product, said Jeff Kriendler, VP-corporate communications.

Despite its smaller size, the shuttle account will be important; Pan Am is preparing to compete with real estate mogul Donald Trump, who's agreed to purchase Eastern Air Lines' Air Shuttle.

Mr. Trump has said he intends to upgrade the shuttle as a quality carrier between Boston, New York and Washington—which is also Pan Am's shuttle's main turf.#

Gary Levin in New York contributed to this story.

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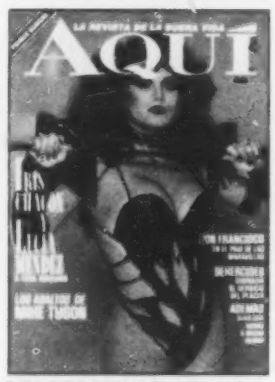

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Atari awards $25M account to unit of DDB

By CLEVELAND HORTON

Atari Corp.'s Federated chain of consumer electronics stores last week moved its $24.5 million account to DDB Needham Retail from in-house.

DDB Needham Worldwide's retail division became an Atari agency earlier this year when it picked up the videogame division's $6 million account.

Atari Chairman Jack Tramiel subsequently decided to consolidate all Atari advertising, including the $2 million computer account formerly handled by Richard & Edward's, New York.

The Federated chain has 60 outlets in California, Arizona and Texas. Atari purchased Federated a year ago but has yet to realize a profit from that investment. For the quarter ended July 7, Federated posted a $5.7 million loss on sales of $63.1 million.

While the chain's corporate offices are located in City of Commerce, Calif., Atari controls all marketing decisions from its Sunnyvale headquarters.

DDB Needham Retail now reports billings of $94 million, half of which represents business won since DDB Needham created the division with the December 1987 acquisition of Girvin, Conrad & Girvin.

Dick Girvin, president-ceo of the division, said he expects continued growth through additional new business as well as acquisition of other agencies. The division currently has offices in Sacramento, San Francisco, Los Angeles and Denver, and expects to acquire agencies in other cities within the next year.

The Federated win creates a conflict for the agency with The Good Guys, a smaller electronics retailer operating in northern California with annual broadcast billings of about $2.5 million. DDB Needham Retail will continue to handle the account through the end of this year.#

Mojo stock fuels WPP buyout talk

By LAUREL WENTZ and GEOFFREY LEE MARTIN

Mojo MDA's low share price once again has sparked speculation that the Australian-based agency will be taken over by WPP Group.

Industry sources say London-based WPP is negotiating to buy Mojo MDA to strengthen WPP's position in Australia and the Far East.

Mojo MDA is the largest publicly quoted agency in Australia and the No. 3 agency in gross income. It has 35 offices in Australia, Asia, the U.K. and U.S.

WPP wouldn't comment on takeover rumors. Gawen Rudder, Mojo MDA corporate affairs manager, denied WPP—or anyone else—is about to take control of the company.

"It's fair to say that we get an approach, or an offer, just about once a week," Mr. Rudder said. "But that's nothing new—it was the same when [the agency was] just a small creative shop."

Neil Blackley, an analyst at U.K. stockbroker James Capel, said a takeover is "likely from WPP's point of view, because they're very keen to improve their Far East exposure. I wouldn't discount it, depending on price."

Mr. Blackley said Mojo's stock "was looking very cheap." The stock has been selling in the $1.50 Australian-to-$1.60 Australian range since July. Before last year's stock market plunge, Mojo stock was selling for $3 Australian a share.

Sources close to WPP said the rumors are false and could have been started to boost Mojo MDA's low stock price.

About two months ago, Mojo MDA Group Managing Director Malcolm Spry and other executives met with U.S. institutional investors to increase interest in the company on an investment-only basis.

Chris Akers, an analyst at U.K.

(Continued on Page 59)

Campaign flak flies

Pols' ads have negative charge

By STEVEN W. COLFORD

WASHINGTON—With political advertising dominating the presidential campaign, the Nov. 8 election looks like it could be a showdown between George Bush's tank ads and Mike Dukakis' anti-tank ads.

Whether the forum is *The New York Times* or NBC-TV's "Today" show, campaign ads have been examined, dissected, reviewed and reviled more than ever before.

Advertising has become so critical to the candidates' election hopes that both sides have unleashed "truth squads"—teams of designated politicians—to rebut the opponent's ads.

Not surprisingly, Bush media adviser Roger Ailes has a curt explanation for the prominence accorded this election year's advertising.

"The news media hate substance and love pictures and mistakes," Mr. Ailes said. "News is who has the hottest attack ads and who can get the highest ratings. What would a journalist rather cover—new TV ads or the latest proposal to change the capital gains tax?"

But even Mr. Ailes conceded that TV's pervasiveness and persuasiveness are factored into the creation of a candidate's media plan.

"We sit around to decide how to do an ad for the network news" that will generate coverage, he said. "We know that if it's clever or funny, it will double our gross rating points because [NBC anchorman Tom] Brokaw or [ABC anchorman Peter] Jennings will cover it."

Sig Rogich is the Bush advertising director and president of his own Las Vegas, Nev., agency, R&R Advertising. A veteran of presidential politics, Mr. Rogich called this year's presidential ads "not the most memorable, but effective."

He thinks there may be "a little more" negative advertising this election than in past races, but he said that's because "never before have there been two candidates so different and with so many differences.

"The media are focusing on the advertising so much because the other side [Dukakis] has made it an issue," Mr. Rogich said. "When you're losing, it's natural to attack the ads, so, hopefully, people will write the ads off when they see them."

Jeff Greenfield, political reporter on ABC-TV's "Nightline," dismisses Mr. Ailes' anti-media views and puts the onus for advertising's prominence on the campaigns themselves.

"The Bush campaign this year launched their negative ads very early, compared to the historic pattern of first using ads to establish your candidate's positives," Mr. Greenfield said. "This is the first time that negatives came so early, and it shocked people."

A senior member of the Dukakis ad team, who asked to remain anonymous, thinks the 1988 presidential ads have been accorded unprecedented attention because no one can—or wants to—focus on the candidates themselves.

"People are having a tough time determining what George Bush or Mike Dukakis stand for," he said. "So that's when the advertising comes to the forefront, when it has to supply the passion that the candidates cannot. In this race, the candidates have become almost irrelevant to what's going on. They might as well sit home and watch TV themselves."

He agreed with Mr. Ailes' blast at TV news but said the "quick-and-dirty" facet of TV is a fact of modern political life.

"That is the nature of TV and of TV news," he said. "And that may be the fault of the TV media, but it's not going to change. So we have to play by their rules. . . . that sound bites are the nature of the beast."

Others believe that "this year's ads aren't that negative," said Bob Gardner, president of Gardner Communications, San Francisco, the co-creative director on President Gerald Ford's 1976 campaign. "On a scale of 10, it's probably a 5."

Phil Dusenberry, vice chairman of BBDO Worldwide, New York, who worked on the 1980 and '84 campaigns of President Reagan, said the candidates may have lit the spark of ad attention when they criticized not only each other, but each other's ads.

"Usually they attack each other, but now they're taking pokes at each other's ads," he said. "They're calling attenion to the ads and not the issues. In the cola wars, people ask, 'Who won, Coke or Pepsi?' Well, both win because the ads increase attention and awareness. Here, I'm not sure the candidates win."#

Photo by Christopher Dubas

"News is who has the hottest attack ads and who can get the highest ratings. What would a journalist rather cover—new TV ads or the latest proposal to change the capital gains tax?"

—Roger Ailes
George Bush's media adviser

Duke makes final TV buys

WASHINGTON—The Dukakis campaign will pull out its last advertising stops this week with five-minute commercials scheduled for Nov. 1 and Nov. 5 on network TV.

The commercials will supplement a flight of four issue-oriented 30-second spots already airing (AA, Oct. 17).

Late last week, the ad team for the Democratic presidential candidate hadn't decided whether the campaign's last two five-minute commercials would feature Michael Dukakis by himself; with his wife, Kitty; or with running mate Lloyd Bentsen.

The four 30-second spots, created by executives from W.B. Doner & Co., Baltimore, started airing last week in "spot markets in battleground states," said Lorraine Voles, the campaign's assistant press secretary. She said the broadcast and cable buy included more than 10 states at a cost exceeding $1 million.

All this maneuvering will lead up to a 30-minute Dukakis commercial that will run on election eve on all three networks at 8:30 p.m. (ET). The Bush campaign has bought a comparable half-hour starting at 8 p.m.#

—Steven W. Colford

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CORRECTIONS & CLARIFICATIONS

- A photo identified as Tom Morris, exec VP-director of client services, Tracy-Locke, was not the right photo (AA, Oct. 24, P. 2).
- The chart listing the top 20 U.S. magazines in single-copy sales (AA, Oct. 24, P. S-32) didn't include *Vogue*. With single-copy sales of 781,319, the magazine ranks 19th.
- Unilever currently is the world's largest consumer-goods marketer (AA, Oct. 24, P. 90).
- Kemp Balloons, Glen Burnie, Md., builds helium balloons, not hot-air balloons as reported (AA, Sept. 19, P. 58). Also, Aerostar International, Sioux Falls, S.D., since 1984 has built new helium balloons for the annual Macy's Thanksgiving Day parade. Kemp Balloons handled that responsibility from 1982 to 1984.#